

**MINUTES  
of the  
FIRST MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 3, 2004  
Room 307, State Capitol**

Senator Mary Kay Papen, chair, called the first meeting of the New Mexico finance authority (NMFA) oversight committee to order at 10:10 a.m. on Thursday, June 3, in room 307 of the state capitol.

**PRESENT**

Sen. Mary Kay Papen, Chair  
Rep. Daniel P. Silva, Vice Chair  
Rep. Roberto "Bobby" J. Gonzales  
Rep. Dona G. Irwin  
Sen. Shannon Robinson  
Sen. Nancy Rodriguez  
Rep. Henry Kiki Saavedra  
Sen. H. Diane Snyder  
Rep. Sheryl Williams Stapleton  
Rep. Don Tripp

**Advisory Members**

Rep. Jose A. Campos  
Rep. Anna M. Crook  
Sen. Dianna J. Duran  
Rep. Mary Helen Garcia  
Sen. Mary Jane M. Garcia  
Sen. Stuart Ingle  
Rep. Ben Lujan  
Rep. Patricia A. Lundstrom  
Rep. Edward C. Sandoval  
Rep. Luciano "Lucky" Varela

**ABSENT**

Sen. Manny M. Aragon  
Sen. Pete Campos  
Sen. Clinton D. Harden, Jr.  
Sen. Don Kidd  
Rep. Brian K. Moore  
Rep. Earlene Roberts

Rep. Donald E. Bratton  
Sen. Joseph A. Fidel  
Sen. Leonard Lee Rawson  
Sen. Bernadette M. Sanchez  
Rep. James G. Taylor  
Rep. Robert White

**Staff:**

Renée Gregorio, Legislative Council Service (LCS)  
Janice McCrary, LCS

LCS staff presented a review of the proposed work plan and meeting schedule for the interim, which derived from consultation with the interim committee chair, Senator Papen. In addition to addressing the committee's statutory requirements to monitor and oversee the

operations of the NMFA and the border authority, the proposed work plan consists of nine other items. (See the meeting file for those proposed items.) To these nine original items, the committee added one more: to hear testimony throughout the interim on the progress of capital outlay reform. In relationship to items on the work plan related to the status of funding of Governor Richardson's investment partnership (GRIP) projects, the committee was informed that Brian Brooks of NMFA is the coordinator with the department of transportation on these projects. In response to the item related to studying the issues and needs of the colonias areas throughout the state, Secretary Jimenez, department of finance and administration (DFA), informed the committee that there is a set-aside for colonias areas under the community development block grant (CDBG) program. The committee was also notified that there is a border authority task force looking at colonias issues.

Secretary Jimenez, who is also serving as interim executive director of NMFA, advised the committee that the search for a new executive director of NMFA should be completed by mid-June. In response to a question, the secretary said that there are approximately 15 applicants for the position.

Secretary Jimenez added that he understands the need for enhancing relationships among the department of finance and administration, NMFA and other agencies as well as coordinating the funding of projects statewide. He said that Carlos Romero of NMFA would be working closely with the new director of the capital outlay division at DFA, Robert Apodaca, to ensure that communities have a single point of contact as well as ensuring that a "package solution" is made for entities seeking funding, with the goal of having projects fully funded with contributions from the community itself, the legislature and other appropriate funding sources.

In response to questions about the operating budget of NMFA, Mr. Romero stated that the board has discretion over the budget, and that after the board adopts the current proposed budget, NMFA will bring it to the oversight committee for review. Secretary Jimenez added that although NMFA does not operate the same way as a state agency, it does have DFA's advisement in that the staff reports to the full board on budget and expenses and it is subject to the Audit Act.

Senator Garcia asked what resources are available for infrastructure needs in the colonias areas of the state. Secretary Jimenez replied that there are CDBG set-asides for colonias. Mr. Romero stated that NMFA works with the New Mexico department of agriculture on funding for colonias projects.

During the ensuing discussion, committee members expressed concern over funding for the north and south valley sewer and water projects funded in Albuquerque and surrounding areas and proposed looking at this funding in detail at a future interim meeting, including receiving a detailed accounting of expenditures thus far. A request was also made to invite representatives from New Mexico's congressional delegation to this meeting.

Representative Varela inquired about the governor's water innovation fund. Secretary

Jimenez offered that \$10 million was appropriated in this year's capital outlay bill to build on initial successes with water projects and to identify innovative models to be used as pilot water projects to benefit the state. Committee concerns included questions on who is responsible for developing criteria for these projects as well as who received the letter of interest.

At the special meeting of the NMFA oversight committee called on April 14, 2004, the committee heard testimony from David Harris regarding the STB set-aside program and the actions of the water trust board in approving the continuation of funding for several 2003 projects. Because the authorizing legislation in 2004 did not pass the senate, Mr. Harris sought support from the committee for the water trust board's decision. At that April meeting, a quorum was not present, although several members expressed support for the board's action. The projects amount to approximately \$12.5 million and cover regional water projects as well as watershed restoration and management projects. Senator Snyder questioned how much of the watershed restoration was going to salt cedar eradication and expressed reservations if the money was being used for this purpose. She also requested a report that would answer this question. The committee then voted unanimously to support the use of funding for these specified projects.

Mr. Romero reported on the progress of the GRIP program. Under the leadership structure for the program, NMFA issues all GRIP bonds, acts as the paying agent on all GRIP debt, manages the department of transportation's (DOT) debt program and calculates the monthly net debt service payment requirements from DOT. The DOT is responsible for the construction, maintenance and operation of all projects and also manages state and federal revenues for the projects.

In addition, Mr. Romero reviewed the bonding goals of the GRIP program, which include funding the program entirely through the issuance of bonds and pay-as-you-go projects as well as maintaining senior lien ratings. Mr. Romero pointed out the existing and new lien structures, adding that New Mexico was the first state to institute GARVEE debt and one of the first to execute the new lien structure. He reviewed the program's financial tools, including both fixed and variable new money bonds and the restructuring of bonds. He reported that the NMFA is working closely with the state transportation commission on all GRIP projects. Mr. Romero reviewed the coverage ratio, which is quite high, resulting in a very good bond rating.

Committee members questioned the current status of the rail system project between Albuquerque and Santa Fe and suggested that Secretary Faught be asked to present a status report to the committee.

In response to a question on whether NMFA is being conservative in terms of projecting what the federal government contribution would be, Mr. Romero replied that NMFA takes the most conservative approach, and that in making federal projections it used the smallest amount possible as federal contribution.

NMFA staff agreed to send out a listing of the 40 projects prioritized and being funded

under the GRIP program through HTRC Substitute for House Bill 15, as amended, passed during the first special session of 2003.

The committee adjourned at 12:45 p.m.

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